
TARIFF TREATMENT OF CERTAIN WOVEN FABRICS

APRIL 1, 1966.—Ordered to be printed

Mr. LONG of Louisiana, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 11029]

The Committee on Finance, to which was referred the bill (H.R. 11029) relating to the tariff treatment of certain woven fabrics, having considered the same, reports favorably thereon with an amendment and recommends that the bill, as amended, do pass.

PURPOSE

The purpose of H.R. 11029, as reported, is to eliminate or prevent certain tariff-rate-avoidance practices.

GENERAL STATEMENT

This bill relates to the tariff status of two types of woven fabric. The first type involves fabrics made of a mixture of ramie (or flax), rayon or other manmade fibers, and cotton. The other fabric is made of blended yarn containing small amounts of high-value rabbit hair and a large amount of low-value reprocessed wool.

Ramie-rayon-cotton fabric

In the Tariff Schedules Technical Amendments Act of 1965, Congress dealt with a tariff avoidance problem whereby fabric made of yarn containing more than 50 percent by weight of rayon or other manmade fibers and a small amount of high-value ramie or flax was avoiding the relatively high U.S. tariff on fabrics of manmade fibers. Even before the 1965 act finally become law, means were found to avoid the amendment Congress was in the process of enacting. The new method involves the addition of small amounts of cotton to yarns as a substitute for rayon, thereby reducing the manmade fiber content of the fabric to less than 50 percent. As a result, the fabrics become dutiable at 6.5 percent or 10 percent ad valorem rather

than at the rayon rate of 25 cents per pound plus 22.5 percent ad valorem.

This bill would further amend the 1965 amendment to reinstate the rayon rates to this fabric. Under the bill the duty on this type of cloth would be 25 cents a pound plus 22.5 percent ad valorem.

Wool-rabbit fur fabric

The 1965 act also dealt with a second rate-avoidance problem, this one involving a combination of a small quantity of high-value flax (or ramie) with a large quantity of low-value wool (generally reprocessed or reused wool) to create a fabric which, although 75 to 85 percent by weight of wool, was nevertheless in chief value of the vegetable fiber and dutiable at 10 percent ad valorem. The duty on wool fabric, generally, would be 37.5 cents per pound plus 60 percent ad valorem. The 1965 amendment corrected the wool-ramie situation by subjecting such a fabric to a compromise duty of 30 cents per pound plus 45 percent ad valorem which is, generally, equivalent to a duty based on paragraph 1122 of the old tariff structure. (Under the old tariff structure, prior to August 31, 1963, woven fabrics containing 17 percent or more of wool by weight were, in effect, separated into their component fibers with wool rates applying to the wool content and other rates applying to the nonwool content of the fabric.)

Recently, there have been increasing imports of a new type woollen fabric containing small quantities of high-value rabbit hair and large quantities of low-value reprocessed wool. Since rabbit hair (or other animal fur) comprises the chief value of the fabric, it is presently dutiable at only 17.5 percent, rather than the much higher rates for wool fabrics. This bill would amend the present law to treat such a woven fabric of wool and fur at a compound duty of 30 cents per pound plus 50 percent ad valorem. As in the case of the 1965 amendment, this rate is, generally, equivalent to the duties which would have applied to this fabric under section 1122 of the old tariff structure.

Effective date—Committee amendment

As passed by the House on October 5, 1965, the amendments made by this bill would have applied with respect to imports entered or withdrawn for consumption after December 7, 1965, or after the date of enactment, whichever was later. In view of the passage of time, the committee amended the effective date of the bill so that the rate increases would apply only to fabrics imported more than 60 days after the date of enactment of the bill.

The committee bill, like the House bill, also makes clear that the rates of duty fixed by its terms are the rates to be taken into account by our trade negotiators.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TARRIFF ACT OF 1930

TITLE I—TARIFF SCHEDULES OF THE UNITED STATES

| Item | Articles | Rates of duty | |
|---------|---|-----------------------------|---------------------------|
| | | 1 | 2 |
| | SCHEDULE 3.—TEXTILE FIBERS AND TEXTILE PRODUCTS | | |
| | PART 3.—WOVEN FABRICS | | |
| | SUBPART B.—WOVEN FABRICS, OF VEGETABLE FIBERS (EXCEPT COTTON) | | |
| | Woven fabrics, of vegetable fibers (except cotton): | | |
| 335.60 | Fabrics, other than the foregoing, containing over 50 percent by weight of yarns which yarns are composed wholly or almost wholly of fibers not exceeding 5 inches in length and contain not less than 50 percent by weight <i>either</i> of man-made fibers or of manmade fibers and cotton..... | 25¢ per lb. + 22.5% ad val. | 45¢ per lb. + 70% ad val. |
| | SUBPART F.—WOVEN FABRICS, OF OTHER TEXTILE MATERIALS | | |
| [339.00 | Woven fabrics, of textile materials, not covered by the foregoing subparts of this part..... | 17.5% ad val. | 40% ad val.] |
| 339.05 | <i>Woven fabrics of textile materials, not covered by the foregoing subparts of this part:</i> <i>Containing over 17 percent of wool by weight.....</i> | 50¢ per lb. + 50% ad val. | 40¢ per lb. + 60% ad val. |
| 339.10 | <i>Other.....</i> | 17.5% ad val. | 40% ad val. |

